

How the Citizens Advice Service monitors energy company performance



Our aims and objectives

A key goal of the energy team is to help companies deliver improved customer service. Our work includes monitoring and analysing data from across the Service as well as using the information and insight obtained through our wider policy development work to identify where policies and processes are not working effectively or are even causing consumer harm (or clear detriment).

We work with individual companies, industry trade bodies, Ofgem and DECC to resolve issues causing consumer harm and deliver improvements to company policies and processes. Citizens Advice also have a formal duty to refer matters of concern to Ofgem.

Where possible, we will seek to identify and share best practice with individual companies and the industry as a whole.

Ongoing monitoring and analysis

- Data from the Consumer Service (CS) and the Extra Help Unit (EHU) is monitored regularly. Policy advocates look over weekly or monthly sets of data provided by the Data Unit. The Data Unit automatically send a trends report with tranches of data broken down by supplier and complaint category codes (and subcodes where appropriate) for both domestic (broken down into big six and smaller suppliers respectively) and non-domestic markets. The initial trends report (in Excel format) includes a brief cover-letter overview of that month's topline trends and numerical movements of interest which acts as a starting point for further analysis.
- Policy Advocates are interested in emerging trends in the numbers of cases and, where appropriate, will go through case notes from the CS to look for detriment caused by individual supplier policies and practices or industry-wide issues.
- The EHU are responsible for analysing their own cases and overall numbers and share the information with the energy policy team where they believe some form of further action is warranted. The EHU will also send case notes and evidence directly to Ofgem following a request from the regulator. The EHU have a crucial role in company performance monitoring, especially in complex areas where the depth of information is important. The policy team also receive ad hoc notes or queries from the EHU on areas they think are of potential interest or concern.
- The retail energy team discuss and agree the priorities for company performance work. The Policy Advocates present their analysis and the team agrees the next steps, which could include; further monitoring to see

whether the issues worsen, sending the company copies of the cleansed case notes from the CS to help them identify issues of concern, meeting with the company to discuss the identified issues, formally writing to the company with details of our concerns, contacting other organisations such as Ombudsman Services: Energy (OSE) to see whether they are experiencing similar issues, or flagging the issue to Ofgem (either on an informal or formal basis).

- The majority of issues causing consumer detriment identified by the team are resolved through direct negotiation with individual suppliers.
- There are a limited number of scenarios where the energy team would immediately refer a supplier to Ofgem. This would include situations where a company's policies were causing severe detriment or where the supplier is at risk of going out of business.

Overview of energy company relationships and interactions

Energy companies will receive:

- Weekly or monthly reports from the Data Unit detailing the number and type of issues their customers have contacted the CS or EHU about;
- Ongoing identification of issues where their customers are seeking third party help and support;
- Feedback on approaches previously taken by other companies to resolve customer service issues or identified consumer detriment;
- Advice on what is considered good or best practice across a wide range of areas, including guidance on appropriate levels of compensation and customer treatment;
- Where appropriate, companies will receive cleansed case notes to help them identify why their customers are contacting the CS. If a supplier is experiencing significant customer service issues, notes will be sent on a weekly or monthly basis.

The energy team has regular bilateral meetings with individual suppliers to discuss their customer service performance as well as topical issues or new developments such as the smart meter rollout plans.

The team also attend regular industry forums including the quarterly supplier liaison meetings with the EHU, CS and OSE, Energy UK's regulation managers meeting, Cornwall Energy's small supplier forum and Ofgem's independent supplier

forum to present updates from the team and alert industry to our ongoing areas of concern.

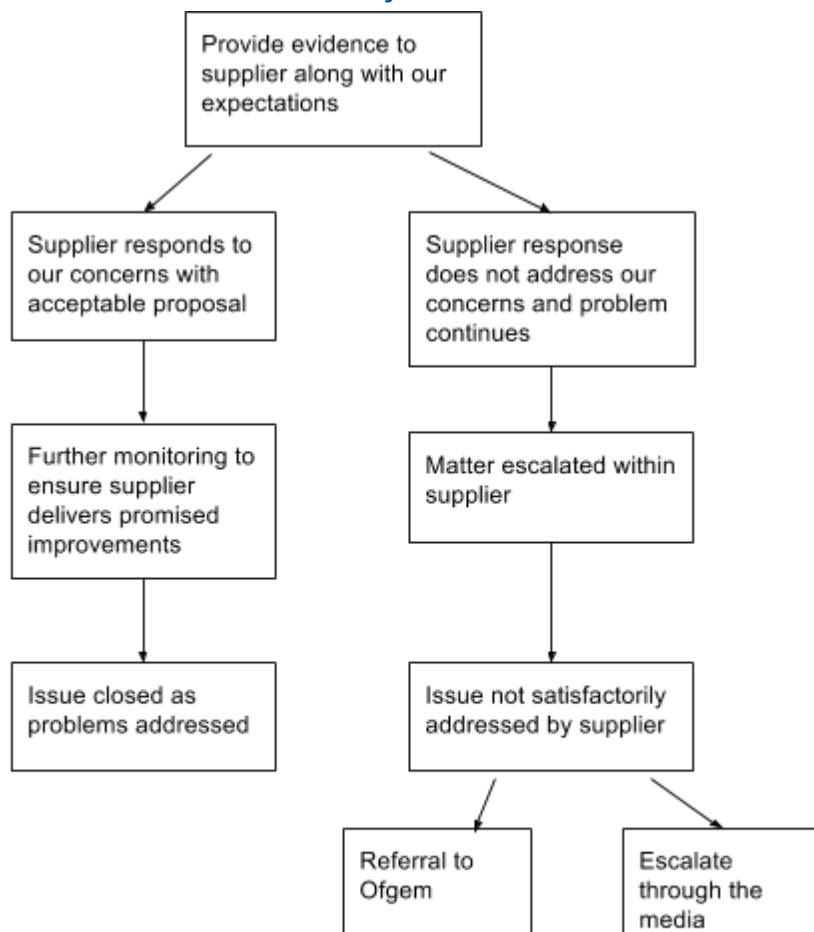
The energy team also have separate meetings with individual suppliers and Ofgem to discuss their debt policies and treatment of vulnerable consumers.

Escalating the issue

Our standard process after raising the performance issues with the company is to give companies a reasonable amount of time to address the identified issues. The amount of time before any follow-up work, will depend on the nature of the situation.

Where we believe a supplier has failed to address the issue(s) in a timely fashion, we have two options. We can refer the matter to Ofgem if there is evidence of licence breach(es). Or if the supplier is not breaching any licence conditions, but there is clear evidence of consumer detriment, we may choose to escalate the matter via the media.

We operate a no surprises policy with the industry and our decision to further escalate the matter will firstly be communicated to the company.



Smart meter installation period - fast track escalation process

During the smart meter rollout¹, the team will be operating a twin track escalation process. Company performance issues which may negatively impact wider consumer confidence in the smart meter rollout will be escalated to both companies and Ofgem using quicker timescales: these will be dependent on the severity of the issue and likely detriment.

This fast track escalation process is to ensure that suppliers are quickly aware of problems, can address any systemic issues, respond to consumer complaints and avoid widespread/longer term impact. This approach is being communicated to industry.

Relationship with Ofgem

Ofgem's enforcement priorities are;

1. Ensuring companies provide accurate information and deliver benefits to consumers on time. This largely relates to areas including the rollout of smart meters and suppliers' environmental obligations.
2. Taking action where company behaviour is likely to harm consumer choice or trust in the market. Examples include suppliers preventing consumers from switching or market manipulation.
3. Taking action where they have evidence of serious shortcomings in a company's culture and attitude towards compliance. Examples include evidence of poor customer service or failure to adhere to the complaints handling standard.

Ofgem operate a triage-setup and are most concerned with issues that are potentially high-risk and/or high-detriment as they do not have the capacity to look at all potential licence breaches.

The energy team meet with Enforcement at Ofgem regularly to provide updates on our work and the status of current investigations. The meeting is also an opportunity to informally flag emerging concerns.

Once a company has been referred to Ofgem or if the regulator notifies us that it has an interest in particular company, we will regularly send them evidence to help aid the investigation process.

¹ The Data Communications Company is due to go 'live' in August 2016, and 50 million smart meters will be installed in 26 million properties across Great Britain by 2020.

Our compliance work has a number of benefits for Ofgem including;

- Early identification and often resolution of problems affecting an individual supplier. This enables Ofgem to prioritise its efforts on investigating the most serious breaches - which is their clear priority;
- Extensive industry expertise - which ensures we're aware of previous examples of poor performance and so helps ensure a consistency of treatment and a level playing field;
- Ongoing analysis and evidence about consumer detriment including the impact on more vulnerable consumers;
- The ability to resolve more minor issues causing consumer detriment including the negotiation of appropriate consumer treatment and compensation;
- Evidence of mitigating work taken by the supplier, where appropriate.